

1 A bill to be entitled
 2 An act relating to property insurance; amending s. 627.351,
 3 F.S.; providing an exemption from the restriction on
 4 obtaining coverage from Citizens Property Insurance
 5 Corporation for major structures under certain conditions;
 6 requiring the corporation to submit a study relating to
 7 windstorm mitigation discounts to the Office of Insurance
 8 Regulation; requiring the corporation to include discounts
 9 in a rate filing under certain conditions; amending s.
 10 627.711, F.S.; allowing the Financial Services Commission
 11 to adopt an addendum to the mitigation verification form
 12 under certain conditions; providing an effective date.

13
 14 Be It Enacted by the Legislature of the State of Florida:

15
 16 Section 1. Paragraphs (a) and (n) of subsection (6) of
 17 section 627.351, Florida Statutes, are amended to read:

18 627.351 Insurance risk apportionment plans.—

19 (6) CITIZENS PROPERTY INSURANCE CORPORATION.—

20 (a) The public purpose of this subsection is to ensure
 21 that there is an orderly market for property insurance for
 22 residents and businesses of this state.

23 1. The Legislature finds that private insurers are
 24 unwilling or unable to provide affordable property insurance
 25 coverage in this state to the extent sought and needed. The
 26 absence of affordable property insurance threatens the public

27 health, safety, and welfare and likewise threatens the economic
28 health of the state. The state therefore has a compelling public
29 interest and a public purpose to assist in assuring that
30 property in the state is insured and that it is insured at
31 affordable rates so as to facilitate the remediation,
32 reconstruction, and replacement of damaged or destroyed property
33 in order to reduce or avoid the negative effects otherwise
34 resulting to the public health, safety, and welfare, to the
35 economy of the state, and to the revenues of the state and local
36 governments which are needed to provide for the public welfare.
37 It is necessary, therefore, to provide affordable property
38 insurance to applicants who are in good faith entitled to
39 procure insurance through the voluntary market but are unable to
40 do so. The Legislature intends, therefore, that affordable
41 property insurance be provided and that it continue to be
42 provided, as long as necessary, through Citizens Property
43 Insurance Corporation, a government entity that is an integral
44 part of the state, and that is not a private insurance company.
45 To that end, the corporation shall strive to increase the
46 availability of affordable property insurance in this state,
47 while achieving efficiencies and economies, and while providing
48 service to policyholders, applicants, and agents which is no
49 less than the quality generally provided in the voluntary
50 market, for the achievement of the foregoing public purposes.
51 Because it is essential for this government entity to have the
52 maximum financial resources to pay claims following a

53 catastrophic hurricane, it is the intent of the Legislature that
 54 the corporation continue to be an integral part of the state and
 55 that the income of the corporation be exempt from federal income
 56 taxation and that interest on the debt obligations issued by the
 57 corporation be exempt from federal income taxation.

58 2. The Residential Property and Casualty Joint
 59 Underwriting Association originally created by this statute
 60 shall be known as the Citizens Property Insurance Corporation.
 61 The corporation shall provide insurance for residential and
 62 commercial property, for applicants who are entitled, but, in
 63 good faith, are unable to procure insurance through the
 64 voluntary market. The corporation shall operate pursuant to a
 65 plan of operation approved by order of the Financial Services
 66 Commission. The plan is subject to continuous review by the
 67 commission. The commission may, by order, withdraw approval of
 68 all or part of a plan if the commission determines that
 69 conditions have changed since approval was granted and that the
 70 purposes of the plan require changes in the plan. For the
 71 purposes of this subsection, residential coverage includes both
 72 personal lines residential coverage, which consists of the type
 73 of coverage provided by homeowner's, mobile home owner's,
 74 dwelling, tenant's, condominium unit owner's, and similar
 75 policies; and commercial lines residential coverage, which
 76 consists of the type of coverage provided by condominium
 77 association, apartment building, and similar policies.

78 3. With respect to coverage for personal lines residential

79 structures:

80 a. Effective January 1, 2014, a structure that has a
 81 dwelling replacement cost of \$1 million or more, or a single
 82 condominium unit that has a combined dwelling and contents
 83 replacement cost of \$1 million or more is not eligible for
 84 coverage by the corporation. Such dwellings insured by the
 85 corporation on December 31, 2013, may continue to be covered by
 86 the corporation until the end of the policy term. The office
 87 shall approve the method used by the corporation for valuing the
 88 dwelling replacement cost for the purposes of this subparagraph.
 89 If a policyholder is insured by the corporation before being
 90 determined to be ineligible pursuant to this subparagraph and
 91 such policyholder files a lawsuit challenging the determination,
 92 the policyholder may remain insured by the corporation until the
 93 conclusion of the litigation.

94 b. Effective January 1, 2015, a structure that has a
 95 dwelling replacement cost of \$900,000 or more, or a single
 96 condominium unit that has a combined dwelling and contents
 97 replacement cost of \$900,000 or more, is not eligible for
 98 coverage by the corporation. Such dwellings insured by the
 99 corporation on December 31, 2014, may continue to be covered by
 100 the corporation only until the end of the policy term.

101 c. Effective January 1, 2016, a structure that has a
 102 dwelling replacement cost of \$800,000 or more, or a single
 103 condominium unit that has a combined dwelling and contents
 104 replacement cost of \$800,000 or more, is not eligible for

105 coverage by the corporation. Such dwellings insured by the
 106 corporation on December 31, 2015, may continue to be covered by
 107 the corporation until the end of the policy term.

108 d. Effective January 1, 2017, a structure that has a
 109 dwelling replacement cost of \$700,000 or more, or a single
 110 condominium unit that has a combined dwelling and contents
 111 replacement cost of \$700,000 or more, is not eligible for
 112 coverage by the corporation. Such dwellings insured by the
 113 corporation on December 31, 2016, may continue to be covered by
 114 the corporation until the end of the policy term.

115
 116 The requirements of sub-subparagraphs b.-d. do not apply in
 117 counties where the office determines there is not a reasonable
 118 degree of competition. In such counties a personal lines
 119 residential structure that has a dwelling replacement cost of
 120 less than \$1 million, or a single condominium unit that has a
 121 combined dwelling and contents replacement cost of less than \$1
 122 million, is eligible for coverage by the corporation.

123 4. It is the intent of the Legislature that policyholders,
 124 applicants, and agents of the corporation receive service and
 125 treatment of the highest possible level but never less than that
 126 generally provided in the voluntary market. It is also intended
 127 that the corporation be held to service standards no less than
 128 those applied to insurers in the voluntary market by the office
 129 with respect to responsiveness, timeliness, customer courtesy,
 130 and overall dealings with policyholders, applicants, or agents

131 of the corporation.

132 5.a. Effective January 1, 2009, a personal lines
 133 residential structure that is located in the "wind-borne debris
 134 region," as defined in s. 1609.2, International Building Code
 135 (2006), and that has an insured value on the structure of
 136 \$750,000 or more is not eligible for coverage by the corporation
 137 unless the structure has opening protections as required under
 138 the Florida Building Code for a newly constructed residential
 139 structure in that area. A residential structure is deemed to
 140 comply with this sub-subparagraph ~~subparagraph~~ if it has
 141 shutters or opening protections on all openings and if such
 142 opening protections complied with the Florida Building Code at
 143 the time they were installed.

144 b. Any major structure as defined in s. 161.54(6)(a) for
 145 which a permit is applied on or after July 1, 2014, for new
 146 construction or substantial improvement as defined in s.
 147 161.54(12) is not eligible for coverage by the corporation if
 148 the structure is seaward of the coastal construction control
 149 line established pursuant to s. 161.053 or is within the Coastal
 150 Barrier Resources System as designated by 16 U.S.C. ss. 3501-
 151 3510. This sub-subparagraph does not apply to substantial
 152 improvement of major structures located in a county where the
 153 office determines that the corporation issues 75 percent or more
 154 of the total of the number of policies insured for each line of
 155 personal residential, commercial residential, and commercial
 156 nonresidential insurance.

157 (n)1. Rates for coverage provided by the corporation must
 158 be actuarially sound and subject to s. 627.062, except as
 159 otherwise provided in this paragraph. The corporation shall file
 160 its recommended rates with the office at least annually. The
 161 corporation shall provide any additional information regarding
 162 the rates which the office requires. The office shall consider
 163 the recommendations of the board and issue a final order
 164 establishing the rates for the corporation within 45 days after
 165 the recommended rates are filed. The corporation may not pursue
 166 an administrative challenge or judicial review of the final
 167 order of the office.

168 2. In addition to the rates otherwise determined pursuant
 169 to this paragraph, the corporation shall impose and collect an
 170 amount equal to the premium tax provided in s. 624.509 to
 171 augment the financial resources of the corporation.

172 3. After the public hurricane loss-projection model under
 173 s. 627.06281 has been found to be accurate and reliable by the
 174 Florida Commission on Hurricane Loss Projection Methodology, the
 175 model shall serve as the minimum benchmark for determining the
 176 windstorm portion of the corporation's rates. This subparagraph
 177 does not require or allow the corporation to adopt rates lower
 178 than the rates otherwise required or allowed by this paragraph.

179 4. The rate filings for the corporation which were
 180 approved by the office and took effect January 1, 2007, are
 181 rescinded, except for those rates that were lowered. As soon as
 182 possible, the corporation shall begin using the lower rates that

183 were in effect on December 31, 2006, and provide refunds to
 184 policyholders who paid higher rates as a result of that rate
 185 filing. The rates in effect on December 31, 2006, remain in
 186 effect for the 2007 and 2008 calendar years except for any rate
 187 change that results in a lower rate. The next rate change that
 188 may increase rates shall take effect pursuant to a new rate
 189 filing recommended by the corporation and established by the
 190 office, subject to this paragraph.

191 5. Beginning on July 15, 2009, and annually thereafter,
 192 the corporation must make a recommended actuarially sound rate
 193 filing for each personal and commercial line of business it
 194 writes, to be effective no earlier than January 1, 2010.

195 6. Beginning on or after January 1, 2010, and
 196 notwithstanding the board's recommended rates and the office's
 197 final order regarding the corporation's filed rates under
 198 subparagraph 1., the corporation shall annually implement a rate
 199 increase which, except for sinkhole coverage, does not exceed 10
 200 percent for any single policy issued by the corporation,
 201 excluding coverage changes and surcharges.

202 7. The corporation may also implement an increase to
 203 reflect the effect on the corporation of the cash buildup factor
 204 pursuant to s. 215.555(5)(b).

205 8. The corporation's implementation of rates as prescribed
 206 in subparagraph 6. shall cease for any line of business written
 207 by the corporation upon the corporation's implementation of
 208 actuarially sound rates. Thereafter, the corporation shall

209 annually make a recommended actuarially sound rate filing for
 210 each commercial and personal line of business the corporation
 211 writes.

212 9. The corporation must submit any alternate study
 213 relating to windstorm mitigation discounts to the office. Upon
 214 the office's approval of the alternate study, the corporation
 215 must include any discounts provided for by the study in the next
 216 filing of its recommended rates.

217 Section 2. Paragraph (a) of subsection (2) of section
 218 627.711, Florida Statutes, is amended to read:

219 627.711 Notice of premium discounts for hurricane loss
 220 mitigation; uniform mitigation verification inspection form.—

221 (2) (a) The Financial Services Commission shall develop by
 222 rule a uniform mitigation verification inspection form that
 223 shall be used by all insurers when submitted by policyholders
 224 for the purpose of factoring discounts for wind insurance. The
 225 commission may develop an addendum to the form for use in a
 226 county that has adopted a building code that is stronger than
 227 the building code or codes recognized by the form. In developing
 228 the form, the commission shall seek input from insurance,
 229 construction, and building code representatives. Further, the
 230 commission shall provide guidance as to the length of time the
 231 inspection results are valid. An insurer shall accept as valid a
 232 uniform mitigation verification form signed by the following
 233 authorized mitigation inspectors:

234 1. A home inspector licensed under s. 468.8314 who has

235 completed at least 3 hours of hurricane mitigation training
 236 approved by the Construction Industry Licensing Board which
 237 includes hurricane mitigation techniques and compliance with the
 238 uniform mitigation verification form and completion of a
 239 proficiency exam;

240 2. A building code inspector certified under s. 468.607;

241 3. A general, building, or residential contractor licensed
 242 under s. 489.111;

243 4. A professional engineer licensed under s. 471.015;

244 5. A professional architect licensed under s. 481.213; or

245 6. Any other individual or entity recognized by the
 246 insurer as possessing the necessary qualifications to properly
 247 complete a uniform mitigation verification form.

248 Section 3. This act shall take effect July 1, 2014.